

Message Text

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FOR: DOT: JHERZ

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SUBJECT: AUSTRALIAN DEPARTMENT OF TRANSPORT

REF: STATE 104263

1. THE DEPARTMENT OF TRANSPORT WAS CREATED IN 1973 BY THE MERGER OF THE PREVIOUS DEPARTMENT OF SHIPPING AND TRANSPORT WITH THE PREVIOUSLY INDEPENDENT DEPARTMENT OF CIVIL AVIATION.

2. GIVEN AUSTRALIA'S SIZE WITH ITS GREAT INTERIOR DISTANCES, AS WELL AS ITS ISOLATED POSITION FAR FROM ITS MARKETS AND SOURCES OF SUPPLY, THE TRANSPORTATION FUNCTION BOTH INTERNAL AND INTERNATIONAL IS OF MAJOR ECONOMIC IMPORTANCE. FURTHERMORE, A VERY LARGE PART OF THE AUSTRALIAN TRANSPORTATION SYSTEM IS IN THE PUBLIC SECTOR. FOR ALL OF THESE REASONS, THE AUSTRALIAN DEPARTMENT OF TRANSPORT IS ONE OF THE MAJOR CABINET DEPARTMENTS OF THE AUSTRALIAN GOVERNMENT. ITS 1977 DEPARTMENTAL BUDGET EXCEED \$A250 MILLION, WHILE THE TOTAL BUDGETARY ALLOCATION TO TRANSPORTATION PROGRAMS UNDER THE DEPARTMENT'S SUPERVISION OR CONTROL IS WELL OVER \$A800 MILLION.

3. THE MINISTER FOR TRANSPORT, THE HONORABLE P.J. NIXON, IS RESPONSIBLE FOR THE DEPARTMENT OF TRANSPORT ITSELF AND FOR A NUMBER OF STATUTORY AUTHORITIES WHICH REPORT DIRECTLY TO THE
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MINISTER. THE LATTER INCLUDE (1) THE AUSTRALIAN SHIPPING COMMISSION, WHICH IS RESPONSIBLE FOR THE AUSTRALIAN NATIONAL LINE, WHICH IN TURN OPERATES MERCHANT SHIPPING SERVICES BOTH COASTAL AND OVERSEAS; (2) THE AUSTRALIAN NATIONAL RAILWAYS, WHICH MANAGES AND OPERATES FEDERALLY OWNED PORTIONS OF THE PRIMARILY STATE GOVERNMENT-OPERATED RAILWAY SYSTEM; (3) THE AUSTRALIAN NATIONAL AIRLINES COMMISSION, WHICH IN TURN OPERATES

THE TRANS-AUSTRALIA AIRLINES, ONE OF THE TWO MAJOR DOMESTIC AIRLINE SERVICES; AND (4) QANTAS AIRWAYS LIMITED, A FULLY FEDERALLY OWNED CORPORATION WHICH OPERATES AUSTRALIA'S INTERNATIONAL AIR SERVICES.

4. THE DEPARTMENT'S CENTRAL OFFICE HAS THREE MAJOR FUNCTIONAL AREAS AS FOLLOWS: (1) POLICY AND PLANNING, WHICH COVERS THESE ASPECTS OF ALL TRANSPORT MODES; (2) AIR OPERATIONS, WHICH COVERS AIRWAYS OPERATIONS, FLYING OPERATIONS, AIRWORTHINESS AND GROUND FACILITIES; AND (3) SURFACE OPERATIONS, WHICH COVERS COASTAL SERVICES, MARINE STANDARDS AND HIGHWAYS.

5. CIVIL AVIATION -- THE DEPARTMENT HAS OVERALL RESPONSIBILITY FOR THE CORPORATIONS WHICH OPERATE THE TWO MAJOR PUBLICLY OWNED AIRLINES, QANTAS AND TAA, AND REGULATORY AUTHORITY OVER ANSETT, THE MAJOR PRIVATE DOMESTIC AIRLINE. IT HAS THE USUAL RESPONSIBILITIES FOR DEVELOPMENT AND OPERATION OF THE AIRWAYS SYSTEM AND FOR OVERALL SUPERVISION OF CIVIL AVIATION. ONE OF ITS MAJOR PROGRAMS IN THE AVIATION AREA IS THE COST RECOVERY EFFORT, DESIGNED TO RAISE THE PROPORTION OF TOTAL PUBLIC EXPENDITURE ON CIVIL AVIATION WHICH IS RECOVERED FROM USER CHARGES. THE CHARACTER AND LEVEL OF USER CHARGES ON INTERNATIONAL AVIATION UNDER THIS PROGRAM HAVE GIVEN RISE TO NUMEROUS CONTROVERSIES BETWEEN THE DEPARTMENT AND THE INTERNATIONAL CARRIERS AND OTHER GOVERNMENTS INCLUDING THE U.S.

6. LAND TRANSPORT -- THE FEDERAL GOVERNMENT IS A RELATIVELY SMALL ALTHOUGH GROWING ELEMENT IN THE PRIMARILY STATE GOVERNMENT OPERATED RAILWAY NETWORK. ORIGINALLY THE FEDERAL UNCLASSIFIED

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ROLE WAS LIMITED TO BUILDING AND OPERATING A FEW LINKS CONNECTING STATE SYSTEMS, PLUS LIMITED TRACKAGE IN THE FEDERAL TERRITORIES. IN RECENT YEARS, HOWEVER, THE FEDERAL GOVERNMENT HAS BY AGREEMENT TAKEN OVER THE FINANCIALLY AILING RAILWAY SYSTEMS OF TWO STATES -- SOUTH AUSTRALIA AND TASMANIA -- AND IT IS CONCEIVABLE THAT THIS TREND MAY EXTEND IN FUTURE YEARS. IT HAS A LARGER ROLE IN THE HIGHWAY FIELD WHERE IT ADMINISTERS A LARGE PROGRAM OF FINANCIAL GRANTS FOR BOTH INTER-STATE AND LOCAL ROAD SYSTEMS. ONE OF ITS PROGRAMS IN THE LAND TRANSPORT FIELD IS FOR THE UPGRADING OF URBAN PUBLIC TRANSPORT WHERE IT ADMINISTERS A PROGRAM OF ASSISTANCE GRANTS TO THE STATE GOVERNMENTS.

7. SEA TRANSPORT -- WHILE PORT OPERATION IS PRIMARILY A STATE RESPONSIBILITY, THE FEDERAL DEPARTMENT HAS CONSIDERABLE RESPONSIBILITY FOR COASTAL FACILITIES AND FOR OVERALL SUPERVISION OF THE SHIPPING INDUSTRY AND CONTROLS THE IMPORT OF NEW SHIPS INTO AUSTRALIA. IN ADDITION, THROUGH ITS RESPONSIBILITY FOR THE AUSTRALIAN NATIONAL LINE, IT HAS A DIRECT STAKE IN

SHIPPING OPERATIONS. IN THESE RELATIONSHIPS, THE DEPARTMENT IS PLAYING AN IMPORTANT ROLE IN THE MAJOR CONTROVERSY DURING THE PAST YEAR OVER THE ISSUE OF WHETHER HIGHLY SUBSIDIZED SHIP BUILDING SHALL BE CONTINUED IN AUSTRALIA OR WHETHER AUSTRALIA SHALL ALLOW THE SHIP BUILDING INDUSTRY TO PHASE OUT AND RELY IN THE FUTURE ON PURCHASING VESSELS ABROAD. (CURRENT INDICATIONS POINT TO A PHASE-OUT.)

8. WE UNDERSTAND THAT MINISTER OF TRANSPORT NIXON IS NOW PLANNING TO ATTEND THE JUNE EC MT MEETING IN ATHENS. ON PRESENT PLANS HE WILL NOT BE ACCOMPANIED BY ANY OTHER SENIOR OFFICERS OF THE DEPARTMENT FROM CANBERRA BUT WILL BE SUPPORTED BY LOCALLY ASSIGNED AUSTRALIAN DIPLOMATIC PERSONNEL IN EUROPE.

9. FOLLOWING IS A SUMMARY BIOGRAPHY OF THE MINISTER:
HONORABLE PETER JAMES NIXON, COMMONWEALTH MINISTER FOR TRANSPORT 1973, MINISTER FOR SHIPPING AND TRANSPORT 1971-72,
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MINISTER FOR THE INTERIOR 1967-71; MEMBER HOUSE OF REPRESENTATIVES (COUNTRY PARTY) FOR GIPPSLAND, VICTORIA, SINCE 1961; BORN MARCH 22, 1928, ORBOST, VICTORIA; EDUCATED ORBOST AND WESLEY COLLEGE, MELBOURNE; FARMER AND GRAZIER, VICTORIA; MEMBER JOINT COMMITTEE PUBLIC ACCOUNTS 1964-67; FORMER MEMBER AUSTRALIAN BROADCASTING COMPANY ADVISORY COMMITTEE, VICTORIA; MEMBER JOINT PARLIAMENTARY COMMITTEE ON FOREIGN AFFAIRS 1967; LED DELEGATION TO CANADA 1969; MEMBER JOINT PARLIAMENTARY COMMITTEE ON PRICES 1973-74. MR. NIXON IS ONE OF THE MOST SENIOR MEMBERS OF THE AUSTRALIAN COUNTRY PARTY, WHICH IS THE PARTNER OF THE LIBERAL PARTY IN THE CURRENT COALITION GOVERNMENT. HE IS A CLOSE PERSONAL ASSOCIATE OF PRIME MINISTER FRASER AND IS GENERALLY REGARDED AS ONE OF THE THREE OR FOUR MOST INFLUENTIAL MEMBERS OF THE PRESENT CABINET. AT THE MOMENT, HE IS IN A LEADING POSITION IN THE EFFORTS TO RESOLVE THE AIR TRAFFIC CONTROLLERS STRIKE WHICH HAS IMMOBILIZED AUSTRALIA DOMESTICALLY AND ISOLATED IT INTERNATIONALLY. DURING PAST MONTHS HE HAS HAD EQUAL PROMINENCE IN THE STRONG CONTROVERSY OVER THE DECISION TO PURCHASE NEW MERCHANT VESSELS FOR THE AUSTRALIAN NATIONAL LINE FROM JAPAN RATHER THAN SUBSIDIZING THEIR PRODUCTION BY THE DOMESTIC AUSTRALIAN SHIPBUILDING INDUSTRY. OF SPECIAL INTEREST FROM THE STANDPOINT OF THE UNITED STATES IS THE FACT THAT THE OMEGA PROJECT IS A RESPONSIBILITY OF THE DEPARTMENT OF TRANSPORT AND MINISTER NIXON HAS CABINET LEADERSHIP ON THIS PROJECT.
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